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In the Supreme Court of the United States

OCTOBER TERM, 1945.

No. 548

C. C. A. Appeal No. 9903.

LUCY B. O'LEARY AND
THE ROTOR CLOCK COMPANY,
Petitioners,

v.

THE JOHNSTON-SHELTON CO.,
a corporation of Ohio, d.b.a.
THE HOME STORE,
Respondents.

**RESPONDENTS' BRIEF IN OPPOSITION TO THE
CERTIORARI PETITION OF LUCY B. O'LEARY
AND THE ROTOR CLOCK COMPANY IN CASE
NO. 9903.**

H. A. TOULMIN, JR.,
Counsel for Respondents.



SUBJECT INDEX.

Judgments or Decrees of the Courts Below.....	1
SECTION I:	
Substance of Reply to Certiorari Petition and Brief	1
SECTION II:	
Comment on Concurrent Findings of District Court and Circuit Court of Appeals.....	5
Comment on Issues of Mechanical Skill.....	6
Comment on Findings of Fact Concerning Invalidity	9
Comment on Courts not Bound by Decisions of Patent Office	10
Comment on Pecuniary Condition of Petitioner....	11
Comment on Issues of Commercial History.....	11
SECTION III:	
Conclusions	12

FEDERAL RULES OF CIVIL PROCEDURE.

Rule 52 (a), 28 U. S. C. A., foll. 723c.....	2, 5, 10
--	----------

TABLE OF CASES.

<i>Alabama Power Co. v. Ickes</i> , 58 S. Ct. 300, 302 U. S. 464, 82 L. Ed. 374.....	5
<i>Anderson v. Abbott</i> , 64 S. Ct. 531, 321 U. S. 349, 88 L. Ed.; reh. den. 64 S. Ct. 845.....	5
<i>Antonsen v. Hedrick</i> , 89 F. (2d) 149, 151.....	3
<i>Carrol-Thompson Co. v. Central Brass & Fixture Co.</i> , 22 F. (2d) 253, 254.....	12
<i>Gasifier Mfg. Co. v. General Motors Corp.</i> , 138 F. (2d) 197, 199	3
<i>Goodyear Tire & Rubber Co. v. Ray-O-Vac Co.</i> , 64 S. Ct. 593, 321 U. S. 275, 88 L. Ed. —	5

<i>Green v. Electric Vacuum Cleaner Co.</i> , 132 F. (2d) 312, 314	2
<i>Hazeltine Corp. v. Crosley Corp.</i> , 130 F. (2d) 344, 349	2
<i>Hobart Mfg. Co. v. Landers, Frary & Clark</i> , 25 F. Sup. 198, 203	11
<i>Lempco Products, Inc. v. The Timken-Detroit Axle Co.</i> , 110 F. (2d) 307, 310; cert. den. 61 S. Ct. 42, 311 U. S. 675.....	10-11
<i>Nordell et al. v. International Filter Co.</i> (C. C. A. 7) 119 F. (2d) 948, 953.....	11
<i>O'Leary v. Liggett Drug Co.</i> , 53 F. Supp. 288, 294, 150 F. (2d) 656, 666.....	3, 4, 5, 8, 10
<i>Otis Pressure Control v. Guiberson Corp.</i> , 108 F. (2d) 930, 932	3
<i>Ruth v. Climax Molybdenum</i> , 93 F. (2d) 699, 702.....	3
<i>Strong-Scott Mfg. Co. v. Weller</i> , 112 F. (2d) 389, 393..	2-3
<i>Thomson Spot Welder Co. v. Ford Motor Co.</i> , 44 S. Ct. 533; 265 U. S. 445, 446; 68 L. Ed. 1098.....	2, 6
<i>United States Gypsum Co. v. Consolidated Expanded Metal Co.</i> , 130 F. (2d) 888, 892.....	12
<i>Virginian Railway Co. v. System Federation No. 40</i> , 57 S. Ct. 592, 300 U. S. 515, 81 L. Ed. 789.....	5
<i>Webb v. Frisch</i> , 111 F. (2d) 887, 888.....	2
<i>Western Auto Supply Co. v. American-National Co.</i> (C. C. A. 6), 117 F. (2d) 711, 713.....	11
<i>Williams Mfg. Co. v. United Shoe Machinery Corp.</i> , 62 S. Ct. 1179, 1181; 316 U. S. 364, 367; 86 L. Ed. 1537	2, 5

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JUDGMENTS OR DECREES OF THE COURTS BELOW.

The decision of the District Court is unreported.

The decision of the Circuit Court of Appeals for the Sixth Circuit was reported in 150 Fed. (2d) 656 in a single opinion with Appeals Nos. 9875 and 9876. The opinion of the District Court is printed in the C. C. A. Record beginning at page 14.

SECTION I.

The substance of this Reply to this Certiorari Petition is:

(A) The concurrent findings of fact of the District Court and the Circuit Court of Appeals with "evidence

to support them" will not be disturbed by this Court. *Williams Manufacturing Company v. United Shoe Machinery Corporation*, 316 U. S. 364, 367, 62 Supreme Court 1179, 1181, 86 L. Ed. 1537. The record shows as found by the District Court after an extended trial and by the Court of Appeals after thorough hearings based upon a voluminous record that there was "abundant substantial evidence" to support the findings of the District Court and the Court of Appeals of the Sixth Circuit that the claims were invalid.

(B) Whether an improvement requires mere mechanical skill or the exercise of the faculty of invention is a question of fact. *Thomson Spot Welder Company v. Ford Motor Company*, 265 U. S. 445, 446; 44 S. Ct. 533; 68 L. Ed. 1098; *Williams Manufacturing Company v. United Shoe Machinery Corporation*, 316 U. S. 364, 367, 62 S. Ct. 1179, 86 L. Ed. 1537.

(C) Findings of invalidity based upon prior patents, demonstrations in open court at the District Court trial of devices made in accordance with those prior patents, testimony heard by the District Court with findings based upon such evidence, the fact that the prior patents are on their face anticipatory and the fact that the demonstration in open court of the operation of devices made under such prior patents was identical with the operation of devices made under the patent in suit are such findings that fall within the federal rule that "Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses." Civil Procedure Rule 52(a) 28 U. S. C. A. foll. 723c. *Hazeltine Corporation v. Crosley Corporation*, Sixth Circuit, 130 Fed. (2d) 344, 349; *Green v. Electric Vacuum Cleaner Company*, Sixth Circuit, 132 Fed. (2d) 312, 314; *Webb v. Frisch*, Seventh Circuit, 111 Fed. (2d) 887, 888; *Strong-Scott Manu-*

facturing Company v. Weller, Eighth Circuit, 112 Fed. (2d) 389, 393; *Otis Pressure Control v. Guiberson Corporation*, Fifth Circuit, 108 Fed. (2d) 930, 932; *Antonsen v. Hedrick*, Ninth Circuit, 89 Fed. (2d) 149, 151; *Ruth v. Climax Molybdenum*, Tenth Circuit, 93 Fed. (2d) 699, 702; *Gasifier Manufacturing Company v. General Motors Corporation*, Eighth Circuit, 138 Fed. (2d) 197, 199.

(D) The District Court and Court of Appeals differed with the Board of Appeals of the Patent Office on the basis of a much more extended record and in an inter-parties proceeding. The proceeding before the Board of Appeals was Ex Parte. Additionally, the District Court and Court of Appeals in the instant case found that the prior art patents of Holtz, No. 1,892,553 and Rowe, No. 1,919,395 were not before the Board of Appeals and were fully anticipatory of the O'Leary patent in suit. These two patents were the principal prior patents upon which the District Court and the Circuit Court of Appeals found the O'Leary patent invalid, observing, neither of these patents were cited in the Patent Office. "The issuance of a patent creates no presumption of validity sufficient to overcome a pertinent prior art reference which has not been considered in the Patent Office." *O'Leary v. Liggett Drug Company*, 150 Fed. (2d) 656, 664.

(E) Respondent is not advised as to the poverty of the petitioner. The findings of fact concurred in by the District Court and Circuit Court of Appeals below and the questions of law here are not dependent upon the wealth or poverty of either party. This issue has no place in the instant action.

(F) The District Court and the Circuit Court of Appeals concur in their position, as based upon the facts in this record, that "commercial success alone will not vitalize an invalid patent * * *," *O'Leary v. Liggett Drug Co.*, 150 Fed. (2d) 656, 666. The alleged struggles

of O'Leary, the industrial history of his device and the question of his commercial success were fully considered by both courts, but were not considered to be determinative of the issues. *O'Leary v. Liggett Drug Company*, 53 Fed. Supp. 288, 294, 150 Fed. (2d) 656, 666.

SECTION II.

Brief comment on the foregoing propositions in opposition to the Petition for Certiorari.

Your respondent submits that there is no foundation in either fact or law for this petition.

There is no conflict of decision. There is no new issue of law. There is no matter of public interest. The principal defendants, manufacturers of non-self-starting synchronous clock motors, have been involved in the instant litigation according to Petitioners' own statements. But, the Sixth Circuit is not the only or major circuit in which such motors are sold. Thus the possibility of a conflict of decisions between Circuit Courts of Appeals can arise and until such time no public interest arises.

The respondent in this case as the respondents in the companion cases, case 546, appeal No. 9875, Lucy B. O'Leary and the Rotor Clock Company, Petitioners vs. The Liggett Drug Company, Respondent, and case 547, appeal No. 9876, Lucy B. O'Leary and the Rotor Clock Company, Petitioners vs. Sears, Roebuck & Company, Respondent, frankly admitted at the beginning of the trial in open court, and sought the benefit of the admission, that the manufacturers in question whose sales distributors had been sued for the convenience of O'Leary in his own community were defending the action and would be bound by the results of the decision of the several courts. Attention of the Court is directed to the fact that the place of action was that selected by O'Leary for his own convenience and at great inconvenience to the manufacturers in question who were not doing

business within the jurisdiction of the District Court in which the actions were instituted.

A.

CONCURRENT FINDINGS.

The Circuit Court of Appeals followed the familiar rules (Civil Procedure Rule 52 (a) 28 U. S. C. A., following section 723 (c)), that "Findings of fact should not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses." This is particularly true where the trial court had the benefit of demonstrations of the apparatus built according to the prior patents and was able to make a finding of fact based upon the observations of the trial court.

The concurrent findings of courts in this case come within the rule set down by this Court in *Williams Manufacturing Company v. United Shoe Machinery Corporation*, 316 U. S. 364; 62 S. Ct. 1179, 1181; 86 L. Ed. 1537:

"In a patent infringement suit, concurrent findings of the two lower federal courts * * * are findings of fact which will not be disturbed by this Court where there is evidence to support them."

This ruling is further carried forward in the case of *Goodyear Tire & Rubber Co. v. Ray-O-Vac Co.*, 64 S. Ct. 593; 321 U. S. 275; *Anderson v. Abbott*, 64 S. Ct. 531; 321 U. S. 349, re-hearing denied 64 S. Ct. 845; *Alabama Power Co. v. Ickes*, 58 S. Ct. 300; 302 U. S. 464; *Virginian Railway Co. v. System Federation #40*, 57 S. Ct. 592; 300 U. S. 515; 81 L. Ed. 789.

The District Court conducted a long and exhaustive trial as indicated by the records. The District Court's opinion as reported in *O'Leary v. The Liggett Drug Company*, Civil Action 47, 53 Fed. Sup. 288 gives clear evidence of a thorough and exhaustive consideration of all the issues involved. The unreported opinion in Civil Ac-

tion 48 rendered in the instant case No. 9903, printed in the C. C. A. record, page 14, is in substance the same opinion except that in this case there is no admission of infringement by the Defendant. The District Court found it unnecessary to pass upon the question of infringement as it considered the finding of invalidity of the patent in suit to be so clear and conclusive that a determination of this issue was unnecessary.

The Circuit Court of Appeals also found that there was ample evidence to support the District Court's findings of invalidity and declined to change the District Court's decision in the single opinion rendered by the Circuit Court of Appeals for the Sixth Circuit reported in 150 Fed. (2d) 656.

B.

MECHANICAL SKILL ISSUE.

The question of mechanical skill as contrasted with invention is a question of fact.

As this Court said in *Thomson Spot Welder Company v. Ford Motor Company*, 265 U. S. 445, 446, 447; 44 S. Ct. 533; 68 L. Ed. 1098:

"The question whether an improvement requires mere mechanical skill or the exercise of the faculty of invention, is one of fact; and in an action at law for infringement is to be left to the determination of the jury. *Keyes v. Grant*, 118 U. S. 25, 36, 37; *Holmes v. Truman* (C. C. A.), 67 Fed. 542, 543; *Hall v. Wiles* (C. C.) 2 Blatchf. 194, 11 Fed. Cas. 280, 283; *Poppenhusen v. Falke* (C. C.) 5 Blatchf. 46, 19 Fed. Cas. 1052, 1054; *Shuter v. Davis* (C. C.) 16 Fed. 564, 566; *Blessing v. Copper Works* (C. C.), 34 Fed. 753, 754."

It is, therefore, a question of fact whether the construction of the motor of the patent in suit was developed by the use of ordinary mechanical skill in the light of the prior art. In this connection, the Court's attention is directed

to the fact that motors constructed in exact accordance with the disclosure in the Holtz patent were constructed and demonstrated during the trial before the District Court. In both of the motors that were constructed, the exact teachings of the Holtz patent were followed so that the claim in the Certiorari Petition that the motors that were in the District Court did not operate like that of the patent in suit is not supported by the record or by the opinion of either the District Court or the Circuit Court of Appeals.

The District Court and the Circuit Court of Appeals found that the prior art patents of Holtz and Rowe were complete anticipations of the patent in suit, on the face of those prior patents, the prior patents giving a full and complete disclosure of each and every element shown and claimed in the patent in suit. The Holtz and Rowe patents were the prior art patents that were not called to the attention of the Patent Office during the prosecution of the patent application.

One of the motors that was demonstrated in the District Court was constructed in exact accordance with the full and complete disclosure of the Holtz patent including the elements that were incorporated by Holtz as his invention for making the synchronous motor self-starting, these elements consisting of the shading coils around opposite poles and the winding in the rotor. The second motor that was demonstrated before the District Court was also built in direct accordance with the teachings of the Holtz patent in that the details of construction of the rotor and of the magnet and coil were followed, but the shading coils around the poles and the winding in the rotor were omitted. Thus, the second motor was built exactly like Holtz, less certain of the elements, which omission of these elements eliminated their function, namely, the self-starting feature of the motor. The second motor thus did operate as a synchronous motor exactly like the O'Leary motor of the patent in suit when brought up to synchronous speed by a manual operation.

The District Court found, and the Circuit Court of Appeals concurred, that the demonstration of operation of apparatus built in exact accordance with the prior patents was a demonstration fully in accord with the disclosure of those prior patents, and that the apparatus did operate precisely as the O'Leary patent in suit, and therefore, the apparatus was the same thing as O'Leary, particular regard having been taken of the second model of the Holtz motor wherein the elements producing the self-starting feature of the motor were removed from the motor. These are findings of fact based upon testimony of witnesses, observation of the demonstrations in open Court and the considered conclusions and judgment of the District Court after having heard and seen this evidence.

As the Court of Appeals said in this case, *O'Leary v. Liggett Drug Company*, 150 Fed. (2d) 656, 664:

"In the opinion of the district court, the most impressive prior art was exhibited in the Holtz Patent No. 1,892,553 and Rowe Patent No. 1,919,395, which were regarded as completely anticipating the claims of O'Leary in suit. Neither of these patents was cited in the patent office. The issuance of a patent creates no presumption of validity sufficient to overcome a pertinent prior art reference which has not been considered in the patent office."

Thereafter the Circuit Court of Appeals on pages 664, 665 and 666 of the above decision entered into a very thorough and elaborate "de novo" discussion in comparing these two prior art patents with the patent in suit. It arrived at an independent judgment but in concurrence with that of the District Court. It is apparent that this subject has had the most thorough consideration by the four learned judges who passed upon the matter.

Further, the Circuit Court of Appeals said in reference to the demonstrations before the District Court, at page 662:

"It is obvious from the discussion in the decision that the district court was much impressed with the demonstration at the trial of a motor precisely like the disclosure of the Holtz patent, which operated perfectly as a self-starting synchronous motor; and that a modified motor precisely like the disclosure of the Holtz patent, except that the shading coils were omitted from the field poles and the squirrel-cage winding was omitted from the motor, operated perfectly as a synchronous motor after it had been started in operation manually. The court stated that it had been demonstrated that the rotor of the modified motor had no residual magnetism, and that its operation was the same as the O'Leary motor, which also must be started manually. The assertion was made by the district court that there was substantial agreement that the Rowe patent is similar in construction and in mode of operation to the Holtz patent."

As set forth by the Court of Appeals, the only change from the Holtz patent in the demonstration models was in the second model of the Holtz patent to show that the removal of the coil would render it non-self-starting like the O'Leary motor. The Holtz patent had this additional feature over that of the O'Leary motor which was not self-starting. The Petition for Certiorari apparently attempts to show that the Holtz patent was not an anticipation without this removal. The opinions of the courts below and the records show this not to be a fact.

C.

FINDINGS OF FACT CONCERNING INVALIDITY.

Findings of invalidity based upon prior patents, demonstrations in open court of devices made in accordance with those prior patents, and testimony heard by the District Court with findings based upon such evidence, are findings that fall within the federal rule that "Findings of fact shall not be set aside unless clearly erroneous, and due re-

gard shall be given to the opportunity of the Trial Court to judge of the credibility of the witnesses."

Civil Procedure, Rule 52(a) 28 U. S. C. A. following Section 723 (c).

With all the evidence before the Court concerning the structure and principle of operation of electric motors disclosed in the prior art patents and with the demonstrations of actual models built directly in accordance with those prior patents, findings that the patent claims in issue were invalid for lack of invention as anticipated in the prior art, are not such findings that could be considered "clearly erroneous." This rule has been particularly applied in patent cases. "Federal Rules of Civil Procedure," Rule 52(a), 28 U. S. C. A. following section 723 (c), *O'Leary et al. v. Liggett Drug Co.*, 150 Fed. (2) 656, 667.

D.

COURTS NOT BOUND BY DECISIONS OF PATENT OFFICE.

The District Court, after hearing of all evidence, and the Circuit Court of Appeals in a separate study of the question of validity found that they disagreed with the Board of Appeals of the United States Patent Office particularly because of the fact that the primary anticipating prior patents to Holtz and Rowe, considered by both the District Court and the Circuit Court of Appeals to be determinative, were not before the Patent Office. Aside from the right of the District Court and the Circuit Court of Appeals to differ with the Patent Office, the presentation of this new evidence before the Court created a state of fact wherein there was no alternative but to render the O'Leary patent invalid in view of this new evidence. The presumption of validity of a patent created by the issuance of that patent is not one that cannot be overcome by prior art that was not cited by the Patent Office during the prosecution of the patent. As stated in *Lempco Products, Inc. v.*

The Timken-Detroit Axle Co., 110 Fed. (2d) 307, 310 (C. C. A. 6), certiorari denied 61 S. Ct. 42; 311 U. S. 675:

"The Autocar prior use was not, however, before the examiner in the patent office, and no presumption of validity may overcome a pertinent prior art reference not there considered. *Deller's Walker on Patents*, 2010; *Goodbody v. Firestone Steel Products Co.*, 6 Cir., 23 Fed. (2d) 625, 626; *R. Hoe & Co. v. Goss Printing Press Co.*, 2 Cir., 30 Fed. (2d) 271, page 274."

Also, see *Hobart Manufacturing Co. v. Landers, Frary & Clark*, 26 F. Sup. 199, 202; *Western Auto Supply Co. v. American-National Co.* (C. C. A. 6), 114 Fed. (2d) 711, 713; *Nordell et al. v. International Filter Co.* (C. C. A. 7), 119 Fed. (2d) 948, 950.

E.

ISSUE OF PECUNIARY CONDITION OF PETITIONER.

The major portion of the Petition of Certiorari is devoted to the question of the poverty of O'Leary. The record shows that he had the customary struggle of some inventors, which has nothing to do with the merit or demerit of the invention. It does have a bearing upon the commercial ability of the inventor, which is a matter of no moment here. No court has ever found it proper to penalize a defendant because of the lack of business ability or success of the plaintiff. Neither the wealth nor the poverty of the defendants or that of the plaintiffs has any bearing on the question of law before this Court.

F.

ISSUE OF COMMERCIAL HISTORY.

Both courts below took into full account the question of the commercial history of the invention with reference to the prior art and discarded it as having no bearing in the instant case. In doing so they acted favorably to O'Leary because if commercial success exists it would

immediately raise a doubt concerning patentable invention and therefore validity of the O'Leary patent because it would have needed commercial success in order to sustain it. However, commercial success has no bearing on patentability or validity if patentability is plainly lacking. The courts below found that the O'Leary patent was so lacking in invention that it was unnecessary to resort to the question of commercial success as determinative of the issue of patentability. *United States Gypsum Co. v. Consolidated Expanded Metal Company*, 130 Fed. (2d) 888, 892; *Carrol-Thompson Co. v. Central Brass and Fixture Co.*, 22 Fed. (2d) 253, 254.

The Circuit Court of Appeals and District Court held to the familiar rule that it is only in close cases that the question of commercial success will be considered. The O'Leary patent was not considered as being in the class of close cases on the question of invention because the Courts found it to be clearly and obviously invalid in view of the new prior art cited before the court which was not cited by the Patent Office.

SECTION III.

CONCLUSIONS FROM THE FOREGOING.

The petitioner has had his day in court. He has had the benefit of able counsel and very extended trials of the three separate actions before the District Court and the benefit of an exhaustive consideration of his case by the Circuit Court of Appeals as evidenced by its learned and elaborate opinion reviewing every detail of every proposition submitted to the court. Thus, four judges concur.

Under the circumstances and the well-known rules of law, it is respectfully submitted that this petitioner has had very generous consideration of every issue of law and fact.

We also submit that the public interest in patent matters is paramount. The patent law is not designed for

commercial and financial benefit of an individual. It is designed for the promotion of the useful arts for the general public's good and welfare. O'Leary must have had a very substantial financial backing to have been able to afford the elaborate trial in the District Court and the printing of the record and work of his learned counsel in the Circuit Court of Appeals. That he has not been commercially successful or acquired the wealth that he has expected, or those who are associated with him expected, is not a matter to justify granting the Petition for Certiorari in this Court.

It is therefore respectfully submitted that the petition should be denied.

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Dayton, Ohio.
November, 1945.